



## IV CONSTITUTIONAL GOVERNMENT SECRETARIAT OF STATE OF THE COUNCIL OF MINISTERS

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### PRESS RELEASE

Council of Ministers meeting of June 3, 2011

This Friday, June 3, 2011, the Council of Ministers met at the Council of Ministers' meeting room in the Government Palace, Dili, and approved:

#### **1. Decree-Law about the Management and Alienation of State Property**

This diploma regulates the procedures so that the State can better manage its property with minimum cost and all operations regarding the alienation of movable property can be carried out with transparency, since the legal regime for the State's movable property lacked regulation in this area.

The objective of this diploma is to increase efficiency and rationalization of public resources and adequacy to the State's organization.

#### **2. Law Proposal about the First Amendment to the Petroleum Fund Law**

This diploma intends to alter the rules and investment principles, allowing for greater flexibility in the diversification of the applications portfolio in order to, in the future, raise the return on investments within a framework of a clear definition of the limits to risk exposure. The Law also clarifies the requirements to be met by the Government in case it is necessary to make a transfer above the Estimated Sustainable Income, to the State Budget, promoting, in the future, greater flexibility regarding the entity responsible for direct Operations Management. The rules of appointment and composition of the members of the Advisory Board for Investment are also changed.

One of the main documents considered during the review of this Law was produced by the international Working Group on "Sovereign Wealth Funds (SWFs): Generally Accepted Principles and Practices, also known as the "Santiago Principles."

These principles represent an effort in international cooperation to identify best practices for managing these funds, particularly in the areas of governance and investment policy, where the Government has proposed the current revision of the Petroleum Fund Law in accordance with these principles, with the

purpose to ensure that Timor-Leste continues to be an example of international best practice in the management of such Funds.

It should also be noted that the Petroleum Fund Law (No. 9/2005 from August 3<sup>rd</sup>) determines a review by the Government five years after the establishment of the Petroleum Fund, which took place in September 2005.

### **3. Public Debt Policy**

The Public Debt Policy intends to establish a basis for facilitating the contraction of foreign loans between the Government of Timor-Leste and multilateral and bilateral funding institutions to supplement the financing needs of the Strategic Development Plan (SDP).

The following are determined as: the general policy (justification for contraction of loans and general principles to which the Government must adhere, including debt sustainability and transparent management); management of costs and risks from contracting of loans, including sound fiscal sustainability (the contract amount, the terms and conditions); establishment of a framework conducive to the contraction of loans (it is necessary to implement legal and institutional provisions to ensure a proper management of debt).

This policy is intended to cover the fiscal years from 2011 to 2015, or in other words, the first five years of the SDP (which goes from 2011 to 2030). During this period the policy should be revised and altered on an ongoing basis, whenever necessary, to respond to changing circumstances.

### **4. Law Proposal on the Constitution, Issuing and Management of Public Debt**

With the approval of Law No. 13/2009 of October 21, on Budget and Financial Management, for the first time, in the legal system of Timor-Leste, the possibility appears for State loans to finance public expenditure. It is therefore necessary to define the strategic principles that should govern the constitution and issuance of public debt by the State so as to safeguard national interest. One such principle is that public debt should not be used to finance current expenditure of the State, but only expenses that contribute for the strategic development of the Country. It is also defined that resorting to public debt must be motivated by financing needs generated by the execution of the State's priority tasks, related with the construction of strategic infrastructure for the development of the country, and where the cost of Public Debt cannot be above the economic return of public investment.

The main purpose of the law is to ensure that the financial needs of the State and the fulfilment of the obligations that arise from them are satisfied with the least possible cost in the medium to long term, in a consistent way and a prudent degree of risk.

Thus, this diploma approves the general constitution, issuance and management of public debt in view of a balanced and efficient management of debt.

#### **5. Decree-Law establishing the Timor-Leste Investment Company**

This diploma reflects the Government's commitment to establish the necessary institutions to ensure a secure basis for the development of the national economy. The purpose of the Timor-Leste Investment Company is to promote the development of investment opportunities and national wealth growth, leading important strategic projects with significant commercial impact.

It is aiming at promoting investment in sectors of the national economy, which are vital to development, and in view of the passage of an oil-based economy to a non-oil economy in Timor-Leste, that this structure is created as a business part of the State.

#### **6. Government Resolution to Aid Tornado Victims in the U.S.A.**

The central and southern United States of America (USA) were recently devastated by more than 300 tornadoes, causing hundreds of deaths, injuries and a trail of destruction of incalculable value, particularly in the States of Mississippi, Alabama, Tennessee and Missouri.

Millions were affected and are now facing extreme difficulties, without basic infrastructure such as hospitals, schools and housing.

Considering that solidarity and brotherhood among people are fundamental principles enshrined in the Constitution, and taking into account the ties of friendship between Timor-Leste and the U.S.A., particularly in the military area, the Council of Ministers decided to approve the donation of \$ 500,000 for humanitarian assistance to the affected population.

#### **7. Government Resolution for the Appointment of a Commissioner of the Public Service Commission**

At the meeting of May 25, the Council of Ministers appointed Isabel da Costa Ferreira to serve as Commissioner of the Public Service Commission for a term under partial dedication regime, until August 12, 2014, replacing Commissioner Maria Olandina Caeiro, which was nominated for another function within the State.

#### **8. Nomination of the members that will integrate the Superior Council of the *MINISTÉRIO PÚBLICO***

The Council of Ministers nominated, on the meeting of the 25<sup>th</sup> of May, José Pedro Mariano Neves de Camões and Pedro E. A. De Oliveira as effective and supplementary members, respectively, of the Superior Council of the *Ministério Público*.

The Council of Ministers also analyzed:

### **1. Results of the 2010 Census - Reports 2, 3 and 4**

The National Directorate of Statistics presented, to the Council of Ministers, reports number 2, 3 and 4 of the 2010 Census.

Report number 2 refers to data on population and household, religion, citizenship, mother tongue, marital status and migration; Report number 3 focuses on education, work, disability, state of housing, agricultural and animal production; Report number 4 provides information on the existing 442 *sucos*, such as: child population (5 years), education, work, housing and agricultural and animal production.

These reports will be published on the websites of the National Directorate of Statistics ([www.dne.mof.gov.tl](http://www.dne.mof.gov.tl)) and the Ministry of Finance ([www.mof.gov.tl](http://www.mof.gov.tl)). Workshops will be carried out in all districts together with the distribution of explanation books. The release of the reports is scheduled for the month of July, prior to the Timor-Leste and Development Partners Meeting (TLDPM).